

*Docket*

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 91-294-C - ORDER NO. 91-755

SEPTEMBER 13, 1991

IN RE: Application of Hospitality Communications, ) ORDER  
Inc. for a Certificate of Public ) GRANTING  
Convenience and Necessity. ) CERTIFICATE

This matter is before the Public Service Commission of South Carolina (the Commission) by way of the Application of Hospitality Communications, Inc. (Hospitality) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina, and to place telephones in correctional facilities. Hospitality's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1990) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Hospitality to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of Hospitality's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Hospitality complied with this instruction and provided the Commission with proof of publication of the Notice of Filing.

Petitions to Intervene were filed by Southern Bell Telephone & Telegraph Company (Southern Bell) and the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A hearing was commenced on Tuesday, August 20, 1991, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Marjorie Amos-Frazier presided. B. C. Killough, Esquire, and Thornton Kirby, Esquire, represented Hospitality. Carl F. McIntosh, Esquire, represented the Consumer Advocate; Caroline Watson, Esquire, represented Southern Bell; and F. David Butler, Staff Counsel, represented the Commission Staff.

At the beginning of the hearing Southern Bell introduced a stipulation between Southern Bell and Hospitality which stated that Hospitality agreed not to complete intraLATA calls, except with regard to its prisons, and if intraLATA calls were inadvertently completed Hospitality would reimburse Southern Bell. Hearing Exhibit 1. Further, the two companies agreed that, with regard to its authorized intraLATA calls completed over prison telephones, such calls would be handled over the certificated local exchange carrier's facilities. In addition, the companies agreed that Hospitality would be bound by any Supreme Court Order reversing Commission Order Nos. 91-122 and 91-263. Based upon the representations in this stipulation, Southern Bell did not actively participate in the hearing.

Hospitality presented the testimony of Steve P. McKibbon in support of its application. Mr. McKibbon explained Hospitality's request for certification to operate as a reseller of

interexchange telecommunications services in South Carolina, and the Company's desire to place telephones in inmate facilities. McKibbon explained that the Company wished to resell operator services as an Alternate Operator Service (AOS) in hotels, motels, and other commercial establishments, whereas inmates' telephone calls would be made on a collect basis using store and forward technology. He outlined Hospitality's financial qualifications, background, and technical capabilities. Mr. McKibbon explained that public convenience and necessity required issuance of Hospitality's requested certificate, particularly because it provides customized billing and individualized customer service.

After full consideration of the applicable law and of the evidence presented by Hospitality, the Consumer Advocate, Southern Bell and the Commission Staff, the Commission hereby issues its findings of fact and conclusions of law.

#### FINDINGS OF FACT

1. Hospitality is incorporated under the laws of the State of Georgia.
2. Hospitality operates as a reseller of long distance telecommunications, and operates coin or coinless telephones in South Carolina. See Order No. 91-129.
3. Hospitality will provide Alternate Operator Services for commercial establishments, and collect calling from correctional facilities.
4. Hospitality has the experience, capability, and financial resources to provide the services as described in its

application.

5. The Applicant and Southern Bell have entered into the following stipulation:

- (1) Any grant of authority to resell telecommunications services should clearly be for interLATA services only.
- (2) If any intraLATA calls are inadvertently completed by the carrier, the carrier should reimburse the LEC pursuant to the Commission's Order in PSC Docket No. 86-187-C.
- (3) Any authority to provide intraLATA or local calls through its operator services would be limited to confinement facilities only.
- (4) Until a final order is entered in 91-CP-40-2240 (See (5)), to the extent that such limited operator service is authorized to provide intraLATA or local calls, such calls will be handled over the certificated local exchange carrier's facilities. Further, Hospitality Communications, Inc. will amend its tariffs to reflect the agreements within Stipulations (3) and (4).
- (5) Should the Commission Orders No. 91-122 and 91-263 allowing the certification of authority to Pay-Tel Communications, Inc. and Coin Telecommunications Company in PSC Docket No. 90-305-C be reversed by

the Supreme Court of South Carolina pursuant to an Order entered in Southern Bell Telephone and Telegraph Company v. The S.C. Public Service Commission, et al., 91-CP-40-2240, Hospitality Communications, Inc. agrees to be bound by such decision. Further, any terms and conditions ordered by the Supreme Court upon Pay-Tel and Coin Telecommunications with regard to authority for operator service to provide intraLATA or local calls will be deemed to be ordered upon Hospitality Communications, Inc.

- (6) Finally, nothing in this Stipulation shall prohibit Hospitality Communications, Inc. from offering any other services authorized for resale by tariffs of facility based carriers approved by the Commission.

The Commission hereby accepts this stipulation.

#### CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a certificate of public convenience and necessity should be granted to Hospitality to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs of facility-based carriers approved by the Commission, and to provide

telephones to correction facilities.

2. If Hospitality, incidentally or accidentally completes any intraLATA calls, other than those originating from correctional facilities, the LEC shall be compensated by Hospitality as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket No. 86-187-C.

3. The Commission adopts a rate design for Hospitality for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate level with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communication Corporation etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). The Commission adopts Hospitality's proposed maximum rate tariffs. For its inmate services, the Commission adopts the rates submitted with Hospitality's Application.

4. Hospitality shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Hospitality shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of Hospitality's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1990).

5. For the provision of intrastate telecommunications service Hospitality may only use underlying facility-based carriers that are certified by this Commission to provide such service. Hospitality shall notify the Commission in writing of its underlying carrier(s) and of any change in its carrier(s).

6. Hospitality shall file its tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order.

7. Hospitality is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to the telephones in correctional facilities, until a final order is entered in 91-CP-40-2240, to the extent that Hospitality Communications is authorized to provide intraLATA or local calls, such calls will be handled over the certificated local exchange carrier's facilities. Further, Hospitality Communications, Inc. will amend its tariffs to reflect this conclusion and conclusion No. 9.

9. With regard to its resale services, an end user should be able to access another interexchange carrier or operator service provider if they so desire.

10. That Hospitality should be allowed to incorporate in its tariff a surcharge for operator-assisted and calling card calls not to exceed \$1.00 for calls originated at hotels and motels and customer-owned pay telephones only if said property owners have not

added said surcharge already. That is, the Company may not add an additional surcharge to calls originating at hotels and motels and customer-owned pay telephones if such a surcharge has already been added by the property owners. If such charge is applied however, it should be paid in its entirety to the customer by Hospitality.

11. That Hospitality should be required to provide "tent" cards to hotels and motels for placement next to guest telephones identifying it as a provider of operator service for intrastate interLATA distance calls, and similar stickers for pay phones; and that Hospitality operators should be required to brand all calls identifying Hospitality as the carrier for such call.

12. Hospitality shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

13. Hospitality shall file with this Commission its Certificate of authority to operate as a foreign corporation in South Carolina when said Certificate is obtained from the Secretary of State.

14. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12  
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION  
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,  
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR  
ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT  
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT  
AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR  
ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE  
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS  
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE  
INVESTMENT (SEE 13 ABOVE).